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\$1,600,000

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NORTHERN OHIO TELEPHONE COMPANY - BELLEVUE, OHIO

First Mortgage Sinking Fund 30-Year Bond
Series of 1965, $4\frac{1}{2}\%$

THESE SECURITIES HAVE NOT BEEN APPROVED BY THE
SECURITIES AND EXCHANGE COMMISSION

Northern Ohio Telephone Company has registered the securities by filing certain information with the Commission. The Commission has not passed on the merits of any securities registered with it.

IT IS A CRIMINAL OFFENSE TO REPRESENT THAT THE COMMISSION HAS APPROVED THESE SECURITIES OR HAS MADE ANY FINDING THAT THE STATEMENTS IN THIS PROSPECTUS OR IN THE REGISTRATION STATEMENT ARE CORRECT.

	Price to Public	Underwriting Discounts or Commissions	Proceeds to Company
Total	\$1,648,000	\$20,000	\$1,628,000
Per Unit	103	$1\frac{1}{4}$	$101\frac{3}{4}$

Contracts for purchase of the entire issue of the above Bonds at 103 are on file with the Company. Delivery and payment is to be made August 1, 1935, if registration is then effective, or when same shall become effective thereafter but not later than September 1, 1935.

Bonds in respect to the issue of which this prospectus relates, are being sold at private sale direct to the purchasers. DeVoe, Dyke & Sperry, 25 Broad Street, New York City, have acted as agent for the Company in procuring said private sales.

No dealer, salesman, or any other person has been authorized to give any information, or to make any representations, other than those contained in this prospectus, in connection with the offer contained in this prospectus, and if given or made, such information or representations must not be relied upon. This prospectus does not constitute an offering.

The date of issue of this prospectus is July 25, 1935.

REGISTRATION STATEMENT

Northern Ohio Telephone Company (herein called the Company) has filed with the Securities and Exchange Commission, Washington, D. C., a Registration Statement under the Federal Securities Act of 1933, as amended, with respect to the First Mortgage Sinking Fund 30-Year Bonds, Series of 1965, 4 $\frac{1}{2}$ % (herein called the Bonds). Copies of such Registration Statement may be procured from the Commission by payment of the legal charge therefor. This prospectus does not contain all of the information set forth in the Registration Statement, certain items of which are omitted or are included in condensed or summarized form in accordance with the rules and regulations of the Commission, and the prospectus also includes certain additional information not included in this Statement.

HISTORY AND BUSINESS

The Company was incorporated under the laws of the State of Ohio, November 11, 1926, as Northern Ohio Telephone Company with its principal executive offices at Bellevue, Ohio. On March 22, 1927, the Company purchased all of the property, plant, and equipment of the following telephone companies: Bellevue Home Telephone Company, Bellevue, Ohio; The Local Telephone Company, Bellevue, Ohio; The Wood County Telephone Company, Bowling Green, Ohio; The Galion Telephone Company, Galion, Ohio; The Oberlin Telephone Company, Oberlin, Ohio; The New Ottawa County Telephone Company, Elmore, Ohio; The Crestline Local Telephone Company, Crestline, Ohio; and The Medina Telephone Company, Medina, Ohio. On this date, March 22, 1927, Northern Ohio Telephone Company began business as an operating telephone company.

On February 15, 1928, the Company acquired all the property, rights, and business of The Tontogany Telephone Company, Tontogany, Ohio; The Haskins Bell Telephone Company, Haskins, Ohio; North Fairfield Telephone Company, North Fairfield, Ohio.

On April 1, 1928, the Company acquired all the property, rights, business, and assets of The Citizens Telephone Company of Delaware, Ohio, and The New Ashley Telephone Company of Ashley, Ohio; and on January 1, 1929, acquired all of the property, rights, business, and assets of The Home Telephone Company of Clyde, Ohio.

All of the property acquired by the Company was at a value found, fixed, and approved by the Public Utilities Commission of Ohio, based on an appraisal of the physical property and evaluated as of the respective dates of purchase of said property.

The Company is an operating telephone company and is not controlled by any other company, and has no subsidiaries other than The Huron Telephone Company, Huron, Ohio, and The Flat Rock Telephone Company, Flat Rock, Ohio. The Company is acquiring all of the property, rights and assets of said subsidiaries as of August 1, 1935.

The Company is engaged in the business of furnishing local exchange telephone service over its own lines and equipment to subscribers in forty-four cities, villages, and communities located in sixteen counties in north central Ohio, and the furnishing of long distance telephone service over its own lines and/or connecting lines of The Ohio Bell Telephone Company and the American Telephone and Telegraph Company. The telephone business in common with all other business was adversely affected by the depression of the past five years. On January 1, 1930, the Company had in service a total of 27,486 subscribers' stations. During 1930, the Company suffered a

net decrease in subscribers of 675; in 1931, a net decrease of 1305; in 1932, a net decrease of 3863; in 1933, a net decrease of 1550; and in the year 1934, a net decrease of 89 subscribers, making a total net loss in subscribers' stations from January 1, 1930 to December 31, 1934 of 7482, or 27.2 per cent. The number of long distance messages completed were approximately 33 per cent less at the low point in 1933 than they were in 1929.

Since January 1, 1935, and up to May 31, the Company has made a net gain in subscribers' stations of 1095 and long distance messages have increased by approximately 14 per cent over the low point in toll traffic.

During the past five years, the Company has suffered no severe storms although on March 28, 1928, a sleet storm extending over half of the Company's territory caused a total damage of \$297,000. In 1931, new manual exchange equipment was installed at Medina, New Washington, and Wayne. In 1932, three automatic central offices were placed in service at Willard, North Fairfield, and Berlin Heights. An automatic exchange was placed in service at Curtice in 1933, and the past year two new automatic exchanges were installed, one at Valley City, and one at Crestline.

The Company's property has been maintained and an aggressive policy of plant replacement and rebuilding has been carried on during the past five years.

PROPERTY

The Company owns and operates telephone exchanges in the following cities, villages, and communities, and owns and operates telephone distribution systems in these communities and in the territory adjacent thereto:

<u>Location of Telephone Exchanges</u>	<u>No. of Stations 4/1/35</u>	<u>Type of Central Office Equipment</u>
Ashley	213	Magneto
Attica	203	"
Bellevue	1,586	Central Energy
Berlin Heights	126	Automatic
Bowling Green	1,398	Central Energy
Brunswick	137	Magneto
Cheshire	90	"
Clyde	665	"
Crestline	846	Automatic
Curtice	105	"
Delaware	2,289	"
Elmore	254	Magneto
Galion	1,476	Automanual
Genoa	233	Magneto
Greenwich	158	"
Haskins	52	Automatic
Kilbourne	112	Magneto
Lewis Center	79	"
Medina	1,418	Central Energy
Milan	189	Magneto
Monroeville	288	"
New London	319	Central Energy
New Washington	176	Magneto
North Baltimore	297	"
Norwalk	2,250	Central Energy
Oak Harbor	460	"

Oberlin	1,656	Central Energy
Ostrander	154	Magneto
Pemberville	136	Central Energy
Port Clinton	1,096	"
Plymouth	187	Magneto
Put In Bay	117	"
Radnor	101	"
Tontogany	49	Automatic
Valley City	124	"
Wakeman	174	Magneto
Wayne	89	"
Willard	1,166	Automatic

The Company owns the buildings in which its central office equipment is located at the following points: Brunswick, Cheshire, Delaware, Elmore, Genoa, Kilbourne, Medina, New London, Norwalk, Oak Harbor, Oberlin, Ostrander, Port Clinton, Plymouth, Put In Bay, Radnor, and Willard. At other points, buildings are occupied under term leases of from five to twenty years.

The above exchange territories are not all directly contiguous but are connected through the Company's own independent toll lines or toll lines of The Ohio Bell Telephone Company and other companies.

FRANCHISES

All of the exchanges and telephone lines of the Company are located within the State of Ohio. The telephone communication system consisting of poles, wires, and cables is located on streets, highways and lands owned for the most part by others than the Company. The Company obtains its right to occupy the streets and highways with telephone lines by virtue of the provisions of Sections 9170, 9170-1, 9172, 9173, 9178, 9179, 9180, 9191, 9197, and 9198 of the General Code of Ohio, and which read as follows:

Section 9170 A magnetic telegraph company may construct telegraph lines, from point to point, along and upon any public road by the erection of the necessary fixtures, including posts, piers, and abutments necessary for the wires; but shall not incommode the public in the use thereof.

Section 9170-1 A magnetic telegraph company may, subject to such reasonable regulations as the commissioners of the county may prescribe, construct telegraph lines and fixtures necessary for containing and protecting them beneath the surface of any public highway outside the limits of a municipal corporation, but shall not incommode the public in the use thereof.

Section 9172 Such company may enter upon any land, held by an individual or a corporation, acquired by purchase or appropriation, or in virtue of any provision in its charter, for the purpose of making preliminary examinations and surveys, with a view to the location and construction of lines of magnetic telegraph, and appropriate so much thereof as is deemed necessary for the construction and maintenance of its telegraph poles, cables, conduits, piers, abutments, wires, and other necessary fixtures, stations and the right of way in, through, over, across and under such lands and adjacent lands sufficient to enable it to construct and repair its lines.

Section 9173 Without the consent of the owner thereof, in writing, no such company shall enter a building or edifice, or use or appropriate any part thereof, or erect a telegraph pole, pier, or abutment in a yard or inclosure within which an edifice is situated, nor, in

cases not hereinafter provided for, erect a telegraph pole, pier, abutment, wires, or other fixtures, so near to an edifice as to occasion injury thereto, or risk of injury, in case such pole, pier, or abutment be overthrown, nor injure or destroy any fruit or ornamental tree.

Section 9178 When lands authorized to be appropriated to the use of such company are subject to the easement of a street, alley, public way, or other public use, within the limits of a city or village, the mode of use shall be such as is agreed upon between the municipal authorities of the city or village and the Company. If they cannot agree, or the municipal authorities unreasonably delay to enter into an agreement, in a proceeding instituted for the purpose, the probate court of the county shall, subject to the provisions of section 11046 of the General Code, direct in what mode the telegraph line shall be constructed along such street, alley, or public way, so as not to incommode the public in the use of it.

Section 9179 Nothing in the preceding section shall authorize a municipal corporation to demand or receive compensation for the use of a street, alley, or public way, beyond what may be necessary to restore the pavement to its former state of usefulness.

Section 9180 Any person or persons may construct lines of electric telegraphs, from point to point, upon and along any of the public roads and highways, and across any waters within the limits of this state, by the erection of the necessary fixtures, including posts, piers, or abutments for sustaining the cords or wires of such lines. But they shall not be so constructed as to incommode the public in the use of the roads or highways, or endanger or injuriously interrupt the navigation of such waters. This provision shall not authorize the erection of a bridge across any waters of this state.

Section 9191 The provisions of this chapter apply also to a company organized to construct a line or lines of telephone; and every such company shall have the powers and be subject to the restrictions herein prescribed for magnetic telegraph companies.

Section 9197 Any company organized under the laws of this or any other state, and owning and operating a telephone exchange, or doing a telegraph business, in any city or village in this state, may construct and maintain underground wires and pipes, or conduits and other fixtures for containing, protecting and operating such wires in the streets and public ways of such city or village in the state, when the consent of such city or village has been obtained therefor. Any ordinance of any village purporting to grant the right or privilege to any telephone or telegraph company to construct and maintain underground wires and pipes, or conduits and other underground fixtures for containing, protecting and operating such wires, in the streets and public ways of such village, and which grant has been accepted, or when money has been expended in good faith on account thereof, is hereby declared to be valid and effective, any law, or part of law, to the contrary notwithstanding.

Section 9198 Consent of a city or village to the construction and maintenance of underground wires and pipes, or conduits and other fixtures therefor, by a company owning and operating a telephone exchange or doing a telegraph business, shall be given by the council in cities or villages.

In the case of Farmer v. Telephone Company, 72 Ohio State, 526, the Supreme Court of Ohio, in giving consideration to the effect of the statutes just quoted, and particularly Section 9178, said:

"A telephone company gets its right to go upon the streets with its poles, wires, etc., from the state (sections 3454 to 3471-8 inclusive), and the power of the municipal authorities in the premises is to agree upon, not the right to use, but the mode of use, and if no agreement as to mode shall be made within a reasonable time, the company may apply to the probate court, which court shall direct in what mode the line shall be constructed so as not to incommode the public in the use of the streets, etc. In other words, municipal authorities may do what the probate court may do when a proper case is presented, and no other or different thing. One is a substitute in all respects for the other. Beyond this, the municipality is not permitted to demand or receive any compensation beyond what may be necessary to restore the streets to their former state of usefulness."

The sections referred to in the opinion as Sections 3454 to 3471-8 inclusive, are now with certain subsequent amendments thereto known as Sections 9170 to 9198 inclusive.

The Company's rights under the statutes aforesaid are indeterminate as to duration.

The Company is subject to the jurisdiction of the Public Utilities Commission of the State of Ohio. Under the Public Utilities Commission Act no other telephone company can invade the territory served by Northern Ohio Telephone Company without obtaining a certificate of convenience and necessity from the Commission (Section 614-52 of the General Code of Ohio). In each of the towns in which the Company operates, it either has a consent of the municipal authorities indeterminate as to duration or it has had such consent for a definite period which the Company, by reason of the statutes aforesaid and the above mentioned provision in the Public Utilities Commission Act, has not endeavored to renew upon its expiration.

FUNDED DEBT AND CAPITALIZATION (as of April 30, 1935)

Title of Issue	Amount Authorized by Indenture or Charter	Amount Outstanding With Public
Northern Ohio Telephone Company First Mortgage Sinking Fund 30-Year Gold Bonds Series A, 5½%, Due 1957	\$15,000,000	\$1,513,500
Preferred Stock, \$100 Par Value (entitled to 7% cumulative dividends)	\$2,000,000	\$1,034,500
Common Stock, \$100 Par Value	\$2,000,000	\$1,496,200

The Company has no other securities and has guaranteed no securities of other issuers and no Warrants or Rights have been granted for the purchase of securities of the Company.

THIS ISSUE OF BONDS

Title of Issue	Amount Authorized by Indenture	Amount to be Offered
Northern Ohio Telephone Company First Mortgage Sinking Fund 30-Year Bonds Series 1965, 4½%	\$15,000,000	\$1,600,000

The Bonds are to be issued under, and secured by a certain First Mortgage Trust Deed dated February 1, 1927, and a Supplemental Indenture dated April 9, 1928, to and with The Guardian Trust Company, Cleveland, Ohio (which Trustee was succeeded on November 25, 1934 by Central United National Bank of Cleveland, the present Trustee), and a Supplemental Indenture made as of August 1, 1935 to and with Central United National Bank of Cleveland, Cleveland, Ohio, creating this series.

The Bonds will be dated as of August 1, 1935 and interest thereon will be payable semi-annually on February 1 and August 1, at the office of the Trustee or at the Bankers Trust Company in the City of New York. The Bonds will be issued as coupon bonds in denominations of \$1000, registerable with the Trustee as to principal.

PURPOSE OF ISSUE

The entire net proceeds of the sale of these Bonds estimated at \$1,617,000 are to be used (1) to redeem in lawful money of the United States on August 1, 1935, the entire issue of First Mortgage Sinking Fund 30-Year Gold Bonds 5½%, outstanding in the hands of the public in the principal amount of \$1,513,500, which Bonds have been called for payment August 1, 1935, at the redemption price of 105 and accrued interest; and (2) to provide additional working capital in the approximate amount of \$27,825 to be used in the ordinary course of business.

PROVISIONS OF SUPPLEMENTAL INDENTURE

The following statements are brief summaries of certain provisions contained in the First Mortgage Trust Deed and Supplemental Indenture. They do not purport to be a complete statement of the terms of the Bonds or of the First Mortgage Trust Deed or Supplemental Indenture. The First Mortgage Trust Deed and the Supplemental Indenture are on file with the Securities and Exchange Commission, Washington, D. C. for a full and complete statement of the terms and provisions of the Bonds.

Security

The First Mortgage Sinking Fund 30-Year Bonds, Series of 1965, 4½%, are to be secured by the First Mortgage dated February 1, 1927, and by a Supplemental First Mortgage Trust Deed dated as of April 9, 1928 mortgaging to the Trustee certain after-acquired property, and a Supplemental Indenture to said First Mortgage Trust Deed, dated as of August 1, 1935, herein termed the Supplemental Indenture, mortgaging to the Trustee certain after-acquired property and describing the bonds of the 1965 series. The Series A bonds now outstanding under said First Mortgage have been called for redemption on August 1, 1935, and upon their cancellation the bonds of the 1965 series will be secured, in the opinion of counsel for the Company, by a lien on all property, privileges and rights, buildings, machinery, telephone poles, wires, cables, central office equipment, subscriber stations, and all other telephone property or other property owned by the Company whether now owned or hereafter acquired, subject to current taxes and assessments. The Company has no other indebtedness secured by lien on its property. The obligation of the Company to pay the interest on these Bonds is definite and not dependable on current earnings or any other special conditions. The bond indenture provides for no conversion or voting rights.

Redemption Provisions and Sinking Fund

The Bonds are redeemable on and after August 1, 1945 at the

principal office of Central United National Bank of Cleveland, Cleveland, Ohio, Trustee, on any interest payment date on and after August 1, 1945, and prior to maturity on not less than thirty days' nor more than sixty days' previous notice in one daily newspaper in the City of Cleveland, Ohio, and one daily newspaper in the Borough of Manhattan, City and State of New York, at their principal amount and accrued interest to the date of redemption, together with a premium of five per cent of such principal amount if called for redemption on August 1, 1945, with successive reductions in the redemption price of one-fourth of one per cent of such principal amount during each successive twelve months' period after August 1, 1945 to and including February 1, 1965, and without a premium if redeemed on said last mentioned date.

Under Article IV of the Supplemental Indenture the Company agrees to create, provide and maintain a sinking fund by depositing cash with the Trustee for the purchase or redemption on or after August 1, 1945 of bonds of such series or by creating a separate reserve in cash or in United States government bonds as follows:

On the first day of August of each year from 1936 to 1964 while any of the bonds of the 1965 series are outstanding, the Company shall pay or deposit with the Trustee in cash an amount equal to one per cent of the aggregate principal amount of bonds of such series which shall have been issued (whether or not then outstanding). In lieu of cash, the Company may deposit with the Trustee United States government bonds having a market value exclusive of accrued interest at least equal to the cash in lieu of which they may be deposited.

Such cash, or the cash derived upon sale of the United States government bonds at the request of the Company, shall be used as directed by the Company, either to purchase bonds or after August 1, 1945 to use the unexpended portion of such funds when amounting to \$10,000 or more towards redemption of bonds on call, or as a separate reserve to be applied thereafter towards purchase or redemption of bonds or to reimburse the Company for permanent additions to the mortgaged property made after August 1, 1935, to the extent of seventy-five per cent of the cost or fair value of such permanent additions.

When the Company after August 1, 1935 shall have made permanent additions to the mortgaged property and shall furnish to the Trustee the required evidence to that effect, the Company will be entitled to have credited on the above mentioned annual sinking fund requirements an amount equal to seventy-five per cent of the cost or fair value of such permanent additions, so that payment in cash or deposit of United States government bonds by the Company to the Trustee for the sinking fund will be required only when seventy-five per cent of the cost or fair value, whichever shall be less, of permanent additions after August 1, 1935, is less in amount than one per cent for each year subsequent to August 1, 1935 of the aggregate principal amount of such bonds, and then only in an amount representing such difference.

The Company is also entitled to be reimbursed out of the sinking fund for permanent additions made after August 1, 1935 to the extent of seventy-five per cent of the cost or fair value, whichever shall be less, of such property, upon compliance with the provisions of the mortgage and supplemental indenture relating thereto.

Additional Bonds Issuable

The First Mortgage dated February 1, 1927, and the Supplemental

Indenture dated August 1, 1935 provide that after the issuing of the \$1,600,000 of bonds of the 1965 issue, the remaining \$11,715,000 of bonds still authorized to be issued under the First Mortgage may be executed, authenticated and delivered at any time or from time to time either as bonds of the 1965 Series or of any series other than Series A subject to the terms and provisions of Article V of the First Mortgage, as amended in certain particulars by Article V of the Supplemental Indenture as follows.

1. Against the deposit of cash with the Trustee of an amount of money equal to the principal amount of bonds so sold, provided that at no time shall the amount of bonds issued against deposited cash exceed \$750,000. Such deposited cash may be paid over to the Company for the purpose of providing for or to reimburse the Company for permanent additions under the same conditions under which the Company can issue additional bonds against permanent additions.
2. To provide funds for or to reimburse the Company for permanent additions but only to an aggregate principal amount which shall not exceed in any case seventy-five per cent of the cost or fair value whichever shall be less of such permanent additions. Such bonds may be authenticated and issued though such permanent additions are subject to an underlying mortgage or prior lien amounting to not less than seventy-five per cent of the cost or fair value whichever shall be less of such permanent additions; the amount of such refundable prior mortgage bonds and prior liens shall be included in the cost or fair value of the permanent additions subject thereto but shall be deducted from the amount of bonds that might otherwise be authenticated and delivered, so that the amount of bonds so issued and so authenticated shall be only the amount by which seventy-five per cent of the cost or fair value whichever shall be less, exceeds the principal amount of said indebtedness secured by said underlying mortgage or prior lien. The principal amount of any underlying mortgage or prior lien which has once been deducted in determining the amount of bonds which may be authenticated and delivered shall not again be deducted upon any subsequent application for bonds on account of other permanent additions which may be acquired or constructed subject to the same underlying mortgage or prior lien. The Company, however, is not entitled to the authentication or delivery of bonds upon the basis of any permanent additions subject to an underlying mortgage or prior lien nor to request the authentication and delivery of bonds to refund or replace refundable prior mortgage bonds if the existing underlying mortgage or prior lien shall not have been closed or if the resulting aggregate principal amount of all bonds outstanding under prior mortgages would exceed twenty-five per cent of the aggregate of the principal amount of such bonds outstanding under prior mortgages and of all bonds outstanding under the First Mortgage including the bonds so applied for.

Bonds secured by prior mortgages shall not be deemed outstanding when there shall have been deposited with the Trustee under the First Mortgage or with the Trustee or mortgagee of the prior mortgage for the payment or redemption or other retirement of such bonds or provided such bonds are held in any sinking, improvement, or other analogous fund or held in pledge under the First Mortgage or under a prior mortgage, and which bonds can not be released or transferred otherwise than to the Trustee under the First Mortgage or the trustee or mortgagee of a prior mortgage except upon payment or surrender for payment of cancellation.

3. To refund an equal principal amount of bonds of any other series theretofore issued and then outstanding under the mortgage.
4. To refund or replace before, at or after maturity an equal principal amount of refundable prior mortgage bonds, which term means bonds secured by a lien upon permanent additions at the time of the acquisition thereof by the Company and which are issued and outstanding at the date when such permanent additions are first made by the Company the basis for the authentication and delivery of bonds or for the withdrawal of deposited cash, except any such bonds held in pledge by the Trustee under the First Mortgage or by the trustee or mortgagee under the prior mortgage securing the same without authority to transfer the ownership or possession thereof.

Such additional bonds may be issued only when the Trustee is provided with appropriate resolutions, opinions of counsel and other instruments provided for in said Article V and with a net earnings certificate approved by accountants regularly employed by the Company stating that the net earnings of the Company for any twelve consecutive calendar months within the fifteen calendar months immediately preceding the application for the authentication and delivery of bonds shall have been not less than two times the interest requirements for twelve months upon all bonds outstanding under the First Mortgage and upon all refundable prior mortgage bonds outstanding at the time of such authentication and delivery and the bonds applied for.

No additional securities may be issued which rank ahead of this issue.

Releases

Under Article XII of the First Mortgage the Company without the consent of the Trustee or bondholders may sell equipment, materials, supplies, machinery, tools and other like property as the Company may from time to time have acquired for use in the ordinary conduct of its business and which in the opinion of the Company may have become obsolete, worn out, or useless or otherwise undesirable in the conduct of its business upon replacing the same with property of at least equal value to that disposed of which shall become subject to the lien of the mortgage as a lien thereon of the same rank as the lien on the property sold or disposed of. If property so sold or otherwise disposed of has not been replaced, then the proceeds thereof shall be deposited with the Trustee and shall thereafter be released by the Trustee to the Company upon the Company's certificate showing that property of at least equal value has been acquired and subjected to the lien of the First Mortgage.

The Company may likewise make changes in or substitutions of right of way grants, leases, or contracts, and with the consent of the Trustee the Company may surrender or assent to, or procure a modification of any franchise, and the Trustee shall give such consent upon receipt of an opinion of counsel selected by the Company and acceptable to the Trustee, who may be counsel for the Company, that the Company has received in exchange a new franchise or has a right under some other franchise to do the same or an extended business or for the same or an extended or unlimited or indeterminate time, or that such franchise so surrendered is no longer necessary for the operations of the Company, or that the modified franchise authorizes the continuance of the same or an extended business during the same or an extended or an unlimited period of time, or that the franchise as modified will be sufficient for the operations of the Company.

The Company is also permitted to sell, exchange or otherwise dispose of any other of the mortgaged property, and the Trustee shall release the same, upon compliance with certain requirements outlined in the First Mortgage. A showing must be made that the release is desirable in the conduct of the business of the Company, that the security afforded by the First Mortgage will not be impaired by such release and that the interests of the bondholders will not be prejudiced or impaired thereby. The consideration may be cash or partly cash and partly obligations secured by a purchase money mortgage not exceeding two-thirds of the cost or fair value of such property, or permanent additions free from any mortgages, liens or encumbrances other than taxes and assessments. The money or obligations received for released property shall be delivered to the Trustee. Such money or the sums collected on account of the principal of such obligations shall be turned over to the Company to reimburse it for permanent additions against which no bonds shall have been issued. Obligations so received by the Trustee may be sold for cash equal to the face or par value thereof. New property acquired to take the place of any property released shall become subject to the First Mortgage. Proceeds of property taken by eminent domain shall be used in the same manner as proceeds of sale of released property.

The Company may at any time tear down, alter or remove any buildings or equipment covered by the First Mortgage whenever in the judgment of the directors such course shall be for the best interests of the bondholders and of the Company, provided that an engineer's certificate be delivered to the Trustee to the effect that such buildings and equipment can no longer be economically used.

No notice other than the filing with the Trustee of the documents prescribed in the First Mortgage is required in order to obtain releases of property from the lien thereof.

Trustee

The Central United National Bank of Cleveland, Ohio, is the Successor Trustee, succeeding as of November 25, 1934, The Guardian Trust Company, Cleveland, Ohio, the original Trustee. No directors or officers of the Trustee are directors or officers of the Company, nor of the purchasers of these Bonds so far as is known.

Article XIV provides that The Guardian Trust Company, the original Trustee (which provision is applicable to Central United National Bank of Cleveland, successor Trustee) acting for itself or as banker may directly or indirectly become a purchaser, holder, seller and distributor of bonds issued thereunder without liability or accountability to the Company or the bondholders or otherwise in respect of any such purchase, sales or distribution of bonds hereby secured.

The Company has had no dealings with the original or the present Trustee except in their capacity as Trustee during the past five years, and except one commercial loan of the Central United National Bank of Cleveland which has been repaid.

Events of Default

Article IX of the First Mortgage provides that in case of an event of default as defined therein the Trustee may, and if requested in writing by the holders of twenty-five per cent in principal amount of the bonds then outstanding, shall accelerate the maturity of the bonds outstanding provided that if more than one

series is outstanding and default be made in the payment of the principal or interest of the bonds of any one or more series, then the Trustee may, and if requested in writing by the holders of a majority in amount of the outstanding bonds of any series upon which either of such defaults shall have occurred shall declare the principal of all of the bonds secured by the First Mortgage then outstanding to be due and payable. If the defaults in principal and interest are cured and all defaults known to the Trustee are made good before any sale of the mortgaged property, then the holders of a majority in amount of all of the bonds then outstanding may annul such declaration.

In case of default the Trustee may and upon being requested in writing by the holders of twenty-five per cent in amount of the bonds then outstanding and upon being indemnified to its satisfaction shall in its discretion proceed either after entry on the mortgaged premises or without such entry to sell the mortgaged property or to proceed to protect and to enforce its rights and the rights of the bondholders by foreclosure proceedings or other appropriate legal or equitable remedies.

No holder of a bond has the right to institute any suit at law or in equity in respect of the First Mortgage unless he shall previously have given to the Trustee written notice of default nor unless the holders of twenty-five per cent in principal amount of all bonds then outstanding (or the holders of a majority of the series of bonds in default in case all of the bonds are not in default) shall have made request upon the Trustee therefor and shall have afforded to the Trustee reasonable opportunity to proceed in its own name nor unless such holder or holders shall have offered to the Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in such proceeding and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

The holders of seventy-six per cent in principal amount of the bonds outstanding have the right to direct and control the method and place of conducting proceedings for the sale of the mortgaged properties or the foreclosure of the mortgage or other actionable proceeding under the First Mortgage.

Sale of the mortgaged property may be made as one parcel or in such parts as the Trustee shall determine unless the holders of seventy-six per cent in amount of the bonds outstanding shall otherwise request.

Upon request of the holders of twenty-five per cent in principal amount of the bonds outstanding and their furnishing of reasonable security and indemnity satisfactory to the Trustee, the Trustee shall institute and maintain such suits and proceedings as may be necessary to prevent an impairment of the security by acts of the Company or others, or to preserve and protect the interest and security of the bondholders in the mortgaged property or the rents, issues, and profits thereof, or to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid.

Under Article XIV of the First Mortgage as amended by Article V of the Supplemental Indenture it is provided that the Trustee is entitled to assume that no default has occurred thereunder until it has received written notice from the holders of not less than ten per cent of the bonds then outstanding specifying the default.

Also under said Article XIV of the First Mortgage the Trustee

is not bound to do any act or appear in or defend any suit as Trustee unless requested in writing as hereinabove specified and indemnified to its reasonable satisfaction. If such indemnity becomes impaired, the Trustee may call for additional indemnity.

The terms of the bonds or the indenture under which the bonds are issued can not be modified or amended by the bondholders.

SALE OF THE BONDS

Contracts for purchase of all of the Bonds of this issue at 103, as of August 1, 1935, if registration is then effective or when same shall become effective thereafter but not later than September 1, 1935, are on file with the Company from the following:

	Par Value of Bonds to be Purchased
Prudential Insurance Co. of America, Newark, N.J.	\$500,000
Mutual Benefit Life Ins. Co., Newark, N.J.	200,000
Connecticut Mutual Life Ins. Co., Hartford, Conn.	200,000
Provident Mutual Life Ins. Co., Philadelphia, Pa.	200,000
Phoenix Mutual Life Ins. Co., Hartford Conn.	100,000
Hartford Fire Ins. Co., Hartford, Conn.	100,000
Hartford Steam Boiler Ins. & Ins. Co., Hartford, Conn.	50,000
Minnesota Mutual Life Ins. Co., St. Paul, Minn.	50,000
Colonial Life Ins. Co. of America, Jersey City, N.J.	50,000
Home Life Ins. Co., New York City	50,000
Fidelity Mutual Life Ins. Co., Philadelphia, Pa.	50,000
Frank A. Knapp, Bellevue, Ohio	50,000

DeVoe, Dyke & Sperry, 25 Broad Street, New York City, have acted as agent in behalf of the Company in completing purchase and sale agreements as set forth above and are to be compensated in the amount of $1\frac{1}{4}\%$ of the face value of the bonds for their services. R. F. DeVoe, a partner of DeVoe, Dyke & Sperry is a director of the Company. There are no sub-underwriters or dealers and all of this issue of Bonds will be sold at the same price of 103 as of August 1, 1935.

MANAGEMENT

The names and addresses of the directors and principal executive officers of the Company are as follows:

Name	Address	Office
Frank A. Knapp	Bellevue, Ohio	Director & President
Allan G. Aigler	Bellevue, Ohio	Director & Vice Pres.
John P. Ruffing	Bellevue, Ohio	Director & Vice Pres.
Wm. C. Henry	Bellevue, Ohio	Director & Secy-Treas.
H. C. Stahl	Bellevue, Ohio	Director
J. A. Wright	Bellevue, Ohio	Director
J. E. Wise	Willard, Ohio	Director
Ed L. Young	Norwalk, Ohio	Director
H. H. Thornton	Oberlin, Ohio	Director
F. W. Uhlman	Bowling Green, Ohio	Director
A. W. Surrell	Columbus, Ohio	Director
Frank L. McKinney	Columbus, Ohio	Director
Gustav Hirsch	Columbus, Ohio	Director
R. F. DeVoe	New York, N. Y.	Director

There are no contracts providing for management of, or services

to, the Company and the officers are paid a fixed salary with no bonuses.

Frank A. Knapp, President of the Company, owns 8190 shares or 54.7% of the common capital stock of the Company, and is the only stockholder owning more than ten per cent of the common capital stock.

CONTRACTS

The only material contracts, other than those made in the ordinary course of business and entered into by the Company within the past two years, are as follows:

- 1 Agreement dated June 20, 1935, for purchase by Company of all of the property, business, and assets of The Huron Telephone Company of Huron, Ohio, (wholly owned subsidiary) as of August 1, 1935, for a total consideration of \$96,084.64 (or such lesser or greater amount as may be determined by The Public Utilities Commission of Ohio) payable as follows: (1) the sum of \$37,700 payable by the assumption by Northern Ohio Telephone Company of all the debts and liabilities of The Huron Telephone Company, and (2) \$58,384.64 in cash (or such lesser or greater sum as may be determined by The Public Utilities Commission of Ohio).
- 2 Agreement dated June 20, 1935 for purchase by Company of all of the property, business and assets of The Flat Rock Telephone Company of Flat Rock, Ohio, (wholly owned subsidiary) as of August 1, 1935, for a total consideration of \$15,000 (or such lesser or greater amount as may be determined by The Public Utilities Commission of Ohio) payable as follows: (1) the sum of \$9,300 payable by the assumption by Northern Ohio Telephone Company of all the debts and liabilities of The Flat Rock Telephone Company, and (2) \$5,700.00 in cash (or such lesser or greater amount as may be determined by The Public Utilities Commission of Ohio).
- 3 Contract dated June 21, 1935, with DeVoe, Dyke & Sperry, 25 Broad Street, New York City, as agent for selling \$1,600,000 First Mortgage Sinking Fund 30-Year Bonds, Series 1965, $4\frac{1}{2}\%$, at a commission of $1\frac{1}{4}\%$, or a total of \$20,000 payable three days after delivery and payment of the Bonds.

FINANCIAL STATEMENTS

Set forth on the following pages is the balance sheet statement of Northern Ohio Telephone Company and its Subsidiaries as of April 30, 1935 and a condensed earnings statement for the three years, and four months, January 1, 1932 to April 30, 1935, together with copy of the certificate of Messrs. Ernst & Ernst, with respect thereto. The Registration Statement, however, contains other financial statements and supporting schedules which, in accordance with the rules and regulations of the Securities and Exchange Commission, are not reproduced in this prospectus.

CERTIFICATE OF CERTIFIED PUBLIC ACCOUNTANTS

Northern Ohio Telephone Company
Bellevue, Ohio

We have made an examination of the balance sheet of Northern Ohio Telephone Company as at April 30, 1935, and of the consolidated balance sheet of that Company and its subsidiaries, The Huron Tele-

phone Company and The Flat Rock Telephone Company, as at the same date, and also of the consolidated profit and loss and surplus statements for the three years and four months' period ended at that date. In connection therewith we examined or tested accounting records of the Companies and other supporting evidence, and obtained information and explanations from officers and employees of the Companies; we also made a general review of the accounting methods and of the operating and income accounts for the period covered by the profit and loss statements, but we did not make a detailed audit of the transactions. The Companies keep their books in accordance with the I. C. C. System of Accounting and as approved by The Public Utilities Commission of Ohio.

In our opinion, based upon our examination, the accompanying balance sheets and related profit and loss and surplus statements, together with the supporting schedules above referred to and Items 9 and 10A of the registration statement proper, fairly present the position of the Companies at April 30, 1935 and the results of their operations for the period of three years and four months ended at that date. Further, it is our opinion that the statements have been prepared in accordance with accepted accounting principles.

June 26, 1935

ERNST & ERNST
Certified Public Accountants

BALANCE SHEET

NORTHERN OHIO TELEPHONE COMPANY - BELLEVUE, OHIO

As of the close of business April 30, 1935

ASSETS

PERMANENT (Note B)

Fixed capital (Schedule II):

Physical property	\$3,915,730.13	
Intangible (amortized value)	56,594.45	\$3,972,324.58

Less: Reserve for accrued depreciation (Schedule III)	87,318.58	\$3,885,006.00
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INVESTMENT IN CONSOLIDATED SUBSIDIARIES

(Schedule I) (Note A)

The Huron Telephone Company:

Capital stock - 114 shares (at cost)	\$ 11,400.00	
Notes receivable	37,700.00	
Accrued interest	3,455.44	\$ 52,555.44

The Flat Rock Telephone Company:

Capital stock - 200 shares (at cost)	\$ 5,400.00	
Notes receivable	9,300.00	
Accrued interest	46.50	14,746.50
		67,301.94

CURRENT ASSETS

Cash on hand and on deposit (demand)	\$ 16,800.68
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Accounts receivable:

Due from subscribers and agents	\$ 64,103.67
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Miscellaneous	928.95
	\$ 65,032.62

Less: Reserve (Schedule VI)	9,330.63	55,701.99
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Materials and supplies (based on current market prices)	97,544.92	170,047.59
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DEFERRED DEBITS

Sinking fund trustee			
Cash on deposit	\$	231.67	
Certificate of claim			
against closed bank		<u>786.92</u>	\$ 1,018.59
Claims against closed banks			626.46
Employees' Notes receivable			425.00
Unexpired insurance premiums			3,790.97
Prepaid and deferred taxes			3,211.09
Prepaid rental			319.43
Unamortized debt discount		<u>78,782.36</u>	<u>88,173.90</u>
			\$4,210,529.43

(Note A) The cost of securities of affiliates, amounting to \$16,800.00, exceeds the book value of the net assets of the affiliates by the amount of \$342.10, for which no provision has been made in this balance sheet.

LIABILITIESCAPITAL STOCK (par value \$100.00)

(See item 10A of registration statement as to details)

PREFERRED - 7% CUMULATIVE

Authorized	20,000 shares	
Less: Unissued	<u>9,655 shares</u>	
Outstanding	10,345 shares	\$ 1,034,500.00

COMMON

Authorized	20,000 shares	
Less: Unissued	<u>5,038 shares</u>	
Outstanding	14,962 shares	<u>1,496,200.00</u> \$2,530,700.00

FUNDED DEBT (See item 9 of the registration statement as to details)

First mortgage sinking fund thirty year gold bonds, series A $5\frac{1}{2}\%$, due February 1, 1957:

Authorized		\$15,000,000.00	
Less: Unissued	\$13,315,000.00		
Redeemed	<u>171,500.00</u>	<u>13,486,500.00</u>	1,513,500.00

CURRENT LIABILITIES

Accounts payable - trade			
creditors	\$	29,355.56	
Unpaid salaries, wages, etc.		9,836.78	
Federal, state and county			
taxes payable in 1935		32,186.09	
Subscribers' credit balances		<u>838.49</u>	\$ 72,216.94

ACCRUED LIABILITIES NOT DUE

Accrued taxes - federal,			
state and county	\$	17,971.86	
Accrued interest on funded			
debt		<u>20,814.21</u>	<u>38,786.07</u> 111,003.01

DEFERRED CREDITS AND RESERVES

Reserve for possible additional			
federal income tax assessment			
(Schedule VI)	\$	2,100.00	
Deferred revenue on minor rent			
of exchange plant		1,024.46	3,124.46

SURPLUS (Note C)

Corporate surplus unappropriated			52,201.96
(Schedule VII)			

\$4,210,529.43

(Note B) Permanent assets are included at the values placed thereon in accordance with orders of The Public Utilities Commission of Ohio, at the time of reorganization in 1927 with respect to assets owned at that date and at date of acquisition with respect to assets of other telephone companies acquired subsequent to such reorganization, plus subsequent additions principally at cost. In accordance with the procedure prescribed by the Interstate Commerce Commission, upon removal or dismantling of plant assets, the salvaged units are added to the material and supplies inventory at reproductive costs of the units at that date and the difference between the amounts added to inventory and the credits to permanent assets for original cost of the dismantled units is principally charged to the reserve for depreciation, thus reflecting no profit or loss on the transactions. Intangible capital is being amortized on the basis of \$185.00 per month.

(Note C) The Company has not segregated the surplus account on its books as to the various classes of transactions reflected therein.

CONSOLIDATED BALANCE SHEET

NORTHERN OHIO TELEPHONE COMPANY - BELLEVUE, OHIO AND SUBSIDIARIES

As of the close of business April 30, 1935

ASSETS

PERMANENT (Note A)

Fixed capital (Schedule II):

Physical property \$3,992,249.81

Intangible (amortized value) 56,594.45 \$4,048,844.26

Less: Reserve for accrued depreciation (Schedule III) 98,687.40 \$3,950,156.86

CURRENT ASSETS

Cash on hand and on deposit (demand) \$ 17,785.78

Accounts receivable:

Due from subscribers and agents \$ 65,676.95

Miscellaneous 946.22

\$ 66,623.17

Less: Reserve (Schedule VI) 9,680.20 56,942.97

Materials and supplies (based on current market prices) 98,298.13 173,026.88

DEFERRED DEBITS

Sinking fund trustee:

Cash on deposit \$ 231.67

Certificate of claim against closed bank 786.92 1,018.59

Claims against closed banks 626.46

Employees' Notes receivable 425.00

Unexpired insurance premiums 3,790.97

Prepaid and deferred taxes 3,262.14

Prepaid rental 319.43

Unamortized debt discount 78,782.26 88,224.85

\$4,211,408.59

<u>LIABILITIES</u>			
<u>CAPITAL STOCK</u> (par value \$100.00)			
<u>PREFERRED-7% CUMULATIVE</u>			
Authorized	20,000 shares		
Less: Unissued	9,655 shares		
Outstanding	10,345 shares	\$ 1,034,500.00	
<u>COMMON</u>			
Authorized	20,000 shares		
Less: Unissued	5,038 shares		
Outstanding	14,962 shares	1,496,200.00	\$2,530,700.00
<u>FUNDED DEBT</u> (Schedule X)			
First mortgage sinking fund 30-year gold bonds, series A 5½% due February 1, 1957:			
Authorized		\$15,000,000.00	
Less:			
Unissued	\$13,315,000.00		
Redeemed	171,500.00	13,486,500.00	1,513,500.00
<u>CURRENT LIABILITIES</u>			
Accounts payable-trade creditors	\$ 30,065.91		
Unpaid salaries, wages, etc.	9,857.61		
Federal, state and county taxes payable in 1935	32,482.37		
Subscribers' credit balances	844.49	\$ 73,250.38	
<u>ACCRUED LIABILITIES NOT DUE</u>			
Accrued taxes-federal, state and county	\$ 18,159.68		
Accrued interest on funded debt	20,814.21	38,973.89	112,224.27
<u>DEFERRED CREDITS AND RESERVES</u>			
Reserve for possible additional federal income tax assessment (Schedule VI)		\$ 2,100.00	
Deferred revenue on minor rent of exchange plant		1,024.46	3,124.46
<u>SURPLUS</u> (Note B)			
Corporate surplus unappropriated (Schedule VII)		51,659.86	
		\$4,211,408.59	

(Note A) Permanent assets of the parent Company are included at the values placed thereon in accordance with orders of the Public Utilities Commission of Ohio at the time of re-organization in 1927 with respect to assets owned at that date and at date of acquisition with respect to assets of other telephone companies acquired subsequent to such re-organization, plus subsequent additions principally at cost. Permanent assets of subsidiaries are included principally on the basis of cost. In accordance with the procedure prescribed by the Interstate Commerce Commission, upon removal or dismantling of plant assets, the salvaged units are added to the material and supplies inventory at reproductive costs of the units at that date and the difference between the amounts added to inventory and the credits to permanent assets for original cost of the dismantled units is principally charged to the reserve for depreciation, thus reflecting no profit or loss on the transactions. Intangible capital is being amortized on the basis of \$185.00 per month.

(Note B) The Company and subsidiaries have not segregated the surplus accounts on their books as to the various classes of transactions reflected therein.

Principles of consolidation:

- (a) No inter-company profits are included in inventories.
- (b) The excess of \$342.10 of the ledger value of Company's investments in securities of consolidated subsidiaries over the equity in net assets of these subsidiaries, as shown by their books, is reflected as a charge to consolidated surplus.

PROFIT AND LOSS

NORTHERN OHIO TELEPHONE COMPANY - BELLEVUE, O., AND SUBSIDIARIES

For the period from January 1, 1932 to April 30, 1935

	<u>Y E A R E N D E D</u>			<u>FOUR MONTHS ENDED</u>
	<u>DEC. 31, 1932</u>	<u>DEC. 31, 1933</u>	<u>DEC. 31, 1934</u>	<u>APR. 30, 1935</u>
<u>OPERATING REVENUE</u>				
<u>EXCHANGE SERVICE</u>				
Subscribers' station revenue	\$658,096.31	\$569,317.10	\$562,232.62	\$189,124.38
Service stations	3,023.28	2,566.11	2,449.06	805.88
Local private line service	-	2,311.78	2,033.85	685.98
	<u>\$661,119.59</u>	<u>\$574,194.99</u>	<u>\$566,715.53</u>	<u>\$190,616.24</u>
<u>TOLL SERVICE</u>				
Message tolls	\$148,620.03	\$134,727.13	\$149,354.52	\$ 49,591.28
<u>MISC. OPERATING REVENUES</u>				
Directory adv. and sales	\$ 14,243.82	\$ 12,165.97	\$ 12,389.31	\$ 4,834.04
Rent Revenue	10,337.31	6,067.62	5,281.11	1,549.98
Telegraph commissions	787.01	889.30	1,435.11	450.91
	<u>\$ 25,368.14</u>	<u>\$ 19,122.89</u>	<u>\$ 19,105.53</u>	<u>\$ 6,834.93</u>
	<u>\$835,107.76</u>	<u>\$728,045.01</u>	<u>\$735,175.58</u>	<u>\$247,042.45</u>
LESS: UNCOL. OPERATING REVENUE	6,000.00	7,071.76	12,195.49	7,130.56
	<u>\$829,107.76</u>	<u>\$720,973.25</u>	<u>\$722,980.09</u>	<u>\$239,911.89</u>
<u>OPERATING EXPENSE</u>				
Maintenance, traffic, etc.	499,464.93	442,751.94	452,398.35	152,563.50
	<u>\$329,642.83</u>	<u>\$278,221.31</u>	<u>\$270,581.74</u>	<u>\$ 87,348.39</u>
<u>OPERATING TAXES</u>				
County	\$ 49,803.28	\$ 48,875.22	\$ 38,235.42	\$ 12,690.22
Federal income	21,422.56	12,301.98	12,696.83	5,000.00
Federal capital stock	-	3,862.50	2,594.50	870.66
State excise	13,505.46	16,108.10	17,438.87	5,651.56
Other	2,139.96	1,888.75	1,690.00	528.15
	<u>\$ 86,871.26</u>	<u>\$ 83,036.55</u>	<u>\$ 72,655.62</u>	<u>\$ 24,740.59</u>
NET OPERATING INCOME	<u>\$242,771.57</u>	<u>\$195,184.76</u>	<u>\$197,926.12</u>	<u>\$ 62,607.80</u>
<u>OTHER DEDUCTIONS FROM INCOME</u>				
Interest on funded debt	\$ 86,427.95	\$ 85,295.65	\$ 84,127.23	\$ 27,814.36
Other interest deductions	1,898.25	1,532.71	732.53	35.00
Amortization of debt discount	3,757.91	3,711.43	3,660.24	1,210.92
	<u>\$ 92,084.11</u>	<u>\$ 90,539.79</u>	<u>\$ 88,520.00</u>	<u>\$ 29,060.28</u>
LESS: OTHER INCOME				
Int. income from notes, etc.	\$ 1,551.35	\$ 732.96	\$ 258.61	4.33
Building rental	440.00	-	-	-
	<u>\$ 1,991.35</u>	<u>\$ 732.96</u>	<u>\$ 258.61</u>	<u>\$ 4.33</u>
NET OTHER DED. FROM INCOME	<u>\$ 90,092.76</u>	<u>\$ 89,806.83</u>	<u>\$ 88,261.39</u>	<u>\$ 29,055.95</u>
NET INCOME	<u>\$152,678.81</u>	<u>\$105,377.93</u>	<u>\$109,664.73</u>	<u>\$ 33,551.85</u>

(Note A) The above statement has been prepared in the form prescribed by the Public Utilities Commission of Ohio.

(Note B) Inter-company transactions have been eliminated.

SCHEDULE VII-SURPLUS ACCOUNT
NORTHERN OHIO TELEPHONE COMPANY - BELLEVUE, OHIO
For the period from January 1, 1932 to April 30, 1935

	Y E A R E N D E D			FOUR MONTHS ENDED
	DEC. 31, 1932	DEC. 31, 1933	DEC. 31, 1934	APR. 30, 1935
<u>BALANCE BEGINNING OF PERIOD</u>	\$ 69,017.46	\$ 47,714.08	\$ 48,393.69	\$ 47,897.85
<u>ADDITIONS</u>				
Net income for period	151,263.82	104,730.70	109,722.01	33,809.70
Discount on bonds purchased for retirement	580.00	4,987.50	562.50	-
	\$220,861.28	\$157,432.28	\$158,678.20	\$ 81,707.55
<u>DEDUCTIONS</u>				
Remaining portion of sleet storm ex- pense incurred during the year 1928	34,000.00	-	-	-
Payment for settlement of lease	-	-	6,000.00	-
Unamortized portion of debt discount applicable to bonds redeemed	799.05	1,967.68	583.00	313.20
Amortization of intangible capital	-	2,084.00	2,220.00	740.00
Discount on preferred stock	285.00	3,200.00	80.00	200.00
Premium on bonds purchased for retirement	-	-	-	300.00
Payment to trustee to reimburse for bond interest impounded with closed bank	-	-	-	2,439.35
Dividends paid or provided for: (Note A)				
Preferred	70,730.77	71,862.15	71,973.35	18,032.04
Common	67,332.38	29,924.76	29,924.00	7,481.00
TOTAL DIVIDENDS	\$138,063.15	\$101,786.91	\$101,897.35	\$ 25,513.04
TOTAL DEDUCTIONS	\$173,147.20	\$109,038.59	\$110,780.35	\$ 29,505.59
BALANCE END OF PERIOD	\$ 47,714.08	\$ 48,393.69	\$ 47,897.85	\$ 52,201.96

(Note A) Preferred dividends were paid at the rate of 7% per annum. Dividends per share on common stock were paid as follows: 1932-\$4.50; 1933-\$2.00; 1934-\$2.00; 1935-\$.50.

SCHEDULE VII-CONSOLIDATED SURPLUS
NORTHERN OHIO TELEPHONE COMPANY - BELLEVUE, OHIO & SUBSIDIARIES
For the period from January 1, 1932 to April 30, 1935

	Y E A R E N D E D			FOUR MONTHS ENDED
	DEC. 31, 1932	DEC. 31, 1933	DEC. 31, 1934	APR. 30, 1935
<u>BALANCE BEGINNING OF PERIOD</u>	\$ 66,928.27	\$ 47,039.88	\$ 48,366.72	\$ 47,813.60
<u>ADDITIONS</u>				
Net income as shown by profit and loss statement	152,678.81	105,377.93	109,664.73	33,551.85
Discount on bonds purchased for retirement	580.00	4,987.50	562.50	-
	\$220,187.08	\$157,405.31	\$158,593.95	\$ 81,365.45
<u>DEDUCTIONS</u>				
Remaining portion of sleet storm ex- pense incurred during the year 1928	34,000.00	-	-	-
Payment for settlement of lease	-	-	6,000.00	-
Unamortized portion of debt discount applicable to bonds redeemed	799.05	1,967.68	583.00	313.20
Amortization of intangible capital	-	2,084.00	2,220.00	740.00
Discount on preferred stock	285.00	3,200.00	80.00	200.00
Premium on bonds purchased for retirement	-	-	-	300.00
Payment to trustee to reimburse for bond interest impounded with closed bank	-	-	-	2,439.35
Dividends paid or provided for: (Note A)				
Preferred	70,730.77	71,862.15	71,973.35	18,032.04
Common	67,332.38	29,924.76	29,924.00	7,481.00
TOTAL DIVIDENDS	\$138,063.15	\$101,786.91	\$101,897.35	\$ 25,513.04
TOTAL DEDUCTIONS	\$173,147.20	\$109,038.59	\$110,780.35	\$ 29,505.59
BALANCE END OF PERIOD	\$ 47,039.88	\$ 48,366.72	\$ 47,813.60	\$ 51,859.86

(Note A) Preferred dividends were paid at the rate of 7% per annum. Dividends per share on common stock were paid as follows: 1932-\$.50; 1933-\$2.00; 1934-\$2.00; 1935-\$.50.

SCHEDULE VIII-SUPPLEMENTARY PROFIT AND LOSS INFORMATION

NORTHERN OHIO TELEPHONE COMPANY - BELLEVUE, OHIO, AND SUBSIDIARIES

For the period from January 1, 1932 to April 30, 1935

	CHARGED TO OPERATING EXPENSE	CHARGED TO OPERATING TAXES	CHARGED TO OTHER ACCOUNTS-A	TOTAL
<u>YEAR ENDED DECEMBER 31, 1932</u>				
Maintenance and repairs	\$105,334.06	\$ -	\$ -	\$105,334.06
Depreciation	163,966.40	-	-	163,966.40
Taxes (other than income taxes)	-	65,448.70	-	65,448.70
Rents	10,533.53	-	-	10,533.53
TOTAL	\$279,833.99	\$65,448.70	\$ -	\$345,282.69
<u>YEAR ENDED DECEMBER 31, 1933</u>				
Maintenance and repairs	\$ 91,671.38	\$ -	\$ -	\$ 91,671.38
Depreciation	135,336.00	-	11,472.00	146,808.00
Taxes (other than income taxes)	-	70,734.57	-	70,734.57
Rents	11,960.42	-	-	11,960.42
TOTAL	\$238,967.80	\$70,734.57	\$11,472.00	\$321,174.37
<u>YEAR ENDED DECEMBER 31, 1934</u>				
Maintenance and repairs	\$ 96,401.69	\$ -	\$ -	\$ 96,401.69
Depreciation	143,822.72	-	8,550.60	152,373.32
Taxes (other than income taxes)	-	59,958.79	-	59,958.79
Rents	11,397.36	-	-	11,397.36
TOTAL	\$251,621.77	\$59,958.79	\$ 8,550.60	\$320,131.16
<u>FOUR MONTHS ENDED APRIL 30, 1935</u>				
Maintenance and repairs	\$ 29,592.27	\$ -	\$ -	\$ 29,592.27
Depreciation	48,528.00	-	2,500.00	51,028.00
Taxes (other than income taxes)	-	19,740.59	-	19,740.59
Rents	3,787.65	-	-	3,787.65
TOTAL	\$ 81,907.92	\$19,740.59	\$ 2,500.00	\$104,148.51

(Note A) Depreciation credited to reserve for depreciation and charged to a redistributed account, which is prorated over maintenance and plant accounts on basis of truck hours spent on maintenance and plant jobs.

HISTORICAL FINANCIAL INFORMATION

There has been no revaluing of Investments, Property, Plant and Equipment or Intangible Assets of Company since the date of its organization.

The Company was incorporated November 11, 1926 and began business March 22, 1927 as a new company. The Company acquired the property, rights, business and assets of eight independent telephone companies at a value determined and fixed by engineers of The Public Utilities Commission of Ohio on the basis of a physical appraisal of the reproduction cost new less depreciation as of the date of the appraisal and approved by The Public Utilities Commission of Ohio in their order #4572 dated at Columbus, Ohio, February 16, 1927.

On February 15, 1928 (order #4928 dated February 2, 1928 by The Public Utilities Commission of Ohio), April 1, 1928 (order #5006 dated

March 23, 1928 by The Public Utilities Commission of Ohio), January 1, 1929 (order #5330 dated December 28, 1928 by The Public Utilities Commission of Ohio), the Company purchased the property, rights, business and assets of additional telephone companies. The Book Value of the physical property, plant and equipment of each of the companies purchased and the Reproduction Cost less Depreciation Value fixed by engineers of The Public Utilities Commission of Ohio as of the date of purchase and sale is listed below.

Telephone Property Purchased March 22, 1927	Book Value of Physical Property, Plant and Equipment at date of purchase	Reproduction Cost New less Depreciation value fixed by engineers of The Public Utilities Commission of Ohio as of the date of purchase.
The Bellevue Home Telephone Co. Bellevue, Ohio	\$171,181.48	\$ 251,700
The Local Telephone Company Bellevue, Ohio	851,221.16	1,060,100
The Wood County Telephone Co. Bowling Green, Ohio	296,659.99	269,000
The Galion Telephone Company Galion, Ohio	267,772.13	283,500
The Oberlin Telephone Company Oberlin, Ohio	157,837.04	206,600
The New Ottawa County Telephone Co. Elmore, Ohio	384,176.41	753,900
The Crestline Local Telephone Co. Crestline, Ohio	98,142.33	116,200
The Medina Telephone Company Medina, Ohio	255,295.98	265,100
Telephone Property Purchased February 15, 1928		
The Tontogany Telephone Company Tontogany, Ohio	\$ 9,992.73	\$ 25,047
The Haskins Bell Telephone Company Haskins, Ohio	9,133.06	17,054
The North Fairfield Telephone Co. North Fairfield, Ohio	11,363.83	28,415
Telephone Property Purchased April 1, 1928		
The Citizens Telephone Company Delaware, Ohio	\$372,048.32	\$535,131.61

The New Ashley Telephone Company Ashley, Ohio	20,118.27	43,941.84
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Telephone Property
Purchased
January 1, 1929

The Home Telephone Company Clyde, Ohio	65,059.96	125,179.92
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Totals	\$2,970,002.69	\$3,980,869.37
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There has been no restatement of capital stock of the Company since the date of its organization.

At the time the Company began business on March 22, 1927, as a new company, it sold at a price of 92 its First Mortgage Sinking Fund 30-Year Gold Bonds, Series A, $5\frac{1}{2}\%$, in the total principal amount of \$1,200,000, and issued its 7% preferred capital stock of a par value of \$100 per share in the total amount of \$815,800 and its common capital stock, of a par value of \$100 per share, in the total amount of \$1,344,800. The amount of bonds, preferred stock, and common stock sold and issued was by authority of order #4572 of The Public Utilities Commission of Ohio, made at Columbus, Ohio, and dated February 16, 1927. Preferred capital stock of the eight companies purchased was exchanged for preferred capital stock of the Company on a share for share basis or purchased in cash at its par value of \$100 per share. Common capital stock of the eight companies amounted to a total of 7294 shares, par value \$100 per share, which was exchanged for 13,448 shares of the Company's common capital stock, par value \$100 per share, the increase in common capital stock being on the basis of the increased value of the physical property.

On February 15, 1928, the Company purchased The North Fairfield Telephone Company, North Fairfield, Ohio; The Tontogany Telephone Company, Tontogany, Ohio; and The Haskins Bell Telephone Company, Haskins, Ohio, and issued its 7 per cent preferred stock in the total amount of \$14,200 and its common capital stock in the total amount of \$51,300, all in accordance with and by authority of order #4928 of The Public Utilities Commission of Ohio, made at Columbus, Ohio, and dated February 2, 1928. The common capital stock of these three companies amounted to a total of $220\frac{1}{2}$ shares, par value \$100 per share, which was exchanged for 513 shares of the Company's common capital stock, par value \$100 per share, the increase in common capital stock being on the basis of the increased value of the physical property.

On April 1, 1928, the Company purchased The Citizens Telephone Company of Delaware, Ohio, and The New Ashley Telephone Company of Ashley, Ohio, and sold at a price of 95 its First Mortgage Sinking Fund Gold Bonds Series A, $5\frac{1}{2}\%$, in the total principal amount of \$485,000, and issued its preferred capital stock of a par value of \$64,000 at a price of 95 and its common capital stock of a par value of \$57,500, all in accordance with order #5006 of The Public Utilities Commission of Ohio, made at Columbus, Ohio, and dated March 23, 1928. In connection with the purchase of these two companies, the Company issued 575 shares of its common capital stock, par value \$100 per share, on the basis of the increased value of the physical property acquired.

On January 1, 1929, the Company purchased The Home Telephone Company of Clyde, Ohio, and issued its preferred capital stock of a par value of \$82,500 and its common capital stock of a par value of \$42,675, all in accordance with order #5330 of The Public Utilities

Commission of Ohio, made at Columbus, Ohio, and dated December 28, 1928. The 426 $\frac{3}{4}$ shares of common capital stock, par value \$100 per share, of the Company was issued to the owners of the common capital stock of the company purchased, on the basis of the increased value of the physical property acquired.

The depreciation rules followed by the Company are, and have been, to provide amounts for depreciation considered fair and reasonable, based on the expected life of the various classes of fixed assets. During the years 1932, 1933, 1934 and the four months' period ended April 30, 1935, the Company provided depreciation which resulted in composite rates on depreciable assets of 4.10%, 3.95%, 4.12% and 4.07% respectively.

Bond Discount and Expense of the Company has been written off in direct proportion to the expired life of the Bonds for which the discount and expense were incurred.

No Bond Discount and Expense has been written off earlier than required under a periodic amortization plan.

MISCELLANEOUS

The Company is not registering or offering at this time any additional securities other than this issue of Bonds and no securities of the Company are subject to purchase options.

There are no claims pending against the Company other than obligations incurred in the ordinary routine incident to operation of the business. There are no legal proceedings pending against the Company other than routine litigation incident to the operation of a telephone company and none is known to be contemplated.

The Company has purchased no patent or patent rights and no contract has been made for the purchase of any such patent or patent rights.

Messrs. Ernst & Ernst, auditors for the Company and who prepared the financial schedules set forth in this prospectus have no interest of a substantial nature in this Company and are not to receive any interest as payment for certifying any part of this or the registration statement; are not officers or employees except for auditing services and have not been employed on a contingent basis.

The Company is subject to the jurisdiction of The Public Utilities Commission of Ohio, created under the laws of Ohio to supervise generally the rates, charges and operations of, and financing by, public utility companies doing business in Ohio.

FURTHER INFORMATION

Further information concerning these securities and their issuer is to be found in the registration statement on file with the Securities and Exchange Commission, Washington, D. C. The registration statement may be inspected by anyone at the office of the Commission, without charge, and copies of all or any part of it may be obtained upon payment of the Commission's charge for copying.

The additional information concerns the following subjects:

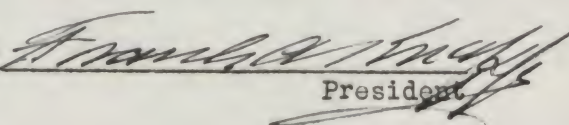
1. Description of funded debt of the Company other than that to which this prospectus relates.
2. Attorneys who are to pass on the legality of the new securities.

3. Summary of the Purchase Agreements for sale of the Bonds.
4. Estimated expenses of the Company in connection with the sale of the securities.
5. Business experience of the principal executive officers for the past five years.
6. Information as to the Company's common capital stock owned of record or beneficially by directors and officers.
7. Remuneration paid by the Company to officers and directors.
8. Consents of experts.

The registration statement includes a consolidated balance sheet of Northern Ohio Telephone Company, Bellevue, Ohio, and subsidiaries, consolidated at April 30, 1935, a profit and loss statement of Northern Ohio Telephone Company, Bellevue, Ohio, and subsidiaries, and supplementary profit and loss information for the period from January 1, 1932 to April 30, 1935. Other financial statements which are included in the registration statement but which are omitted from this prospectus are as follows: Statements of Investments in Securities of Affiliates; Property, Plant and Equipment; Reserves for Depreciation; Reserves; and Funded Debt. Also omitted from this prospectus are all Exhibits attached to the registration statement. Such financial statements, schedules and exhibits are on file with the Securities and Exchange Commission as a part of the registration statement. Such exhibits include among other things, the Articles of Incorporation of the Company, the By-Laws of the Company, copies of various trust indentures, and supplemental indentures, a copy of the agreement between the agent and the Company for the sale of the Bonds, a copy of the Purchase Agreement between the Company and the purchasers of the Bonds, a copy of the legal opinion and a copy of the orders of The Public Utilities Commission of Ohio.

NORTHERN OHIO TELEPHONE COMPANY

By


President